

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
300 Capitol Mall, Suite 1700
Sacramento, California 95814**

**File No. ER02021726
October 25, 2002**

INITIAL STATEMENT OF REASONS

PRELICENSING AND CONTINUING EDUCATION

Pursuant to California Government Code (CGC) sections 11346.1(b) and California Insurance Code (CIC) section 12921.7, Commissioner Harry W. Low (“the Commissioner”) hereby provides notice that he will submit for emergency adoption section 2187.4 of Article 6.5 of Subchapter 1 of Chapter 5 of Title 10 of the California Code of Regulations (CCR) to the Office of Administrative Law.

DESCRIPTION OF THE PUBLIC PROBLEM

CIC section 1749 (Assembly Bill 393, 1999; Chapter 321, Statutes of 2000), which become effective January 1, 2002, establishes provisions regarding prelicensing and continuing education qualifications for fire and casualty broker-agents. However, this legislation did not specify the requirements that a personal lines licensee must complete in order to upgrade the personal lines license to a full property and casualty license.

Senate Bill 63, Chapter 174, Statutes of 2001, was enacted as cleanup legislation for AB393. SB63 established, *inter alia*, the prelicensing education requirements and other requirements that a personal lines licensee must satisfy in order to qualify for a fire and casualty broker-agent license. Those requirements are set forth in CIC sections 1625.5 and 1749(f).

This legislation requires that candidates for a fire and casualty broker-agent license take a qualifying course of study and examination and provides for an exemption if a candidate has been for persons who sell automobile insurance, residential property insurance, including earthquake and flood insurance, personal watercraft insurance and umbrella or excess liability insurance, as specified.

Section 8 of AB 393 requires the Commissioner to adopt a regulation on an emergency basis to implement the credit insurance agent law. The regulation hereby noticed fulfils that legislative mandate by implementing, interpreting, and making specific the provisions of the law.

STATEMENT OF SPECIFIC PURPOSE

The specific purpose of each adoption, and the rationale for the determination that each adoption is reasonably necessary to carry out the purpose for which it is proposed, together with a description of the public problem, administrative requirement, or other condition or circumstance that each adoption is intended to address, is as follows:

RATIONALE FOR NECESSITY

The proposed section would establish the prelicensing curriculum for personal lines licensees who apply to become fire and casualty broker-agents.

IDENTIFICATION OF STUDIES

The Commissioner has not relied on any technical, theoretical, or empirical study or report, or similar document, proposing the adoption of these regulations.

SPECIFIC TECHNOLOGIES OR EQUIPMENT

Adoption of this regulation as proposed would not mandate the use of specific technologies or equipment.

ALTERNATIVES

This regulation is proposed to interpret, make more specific and to clarify the provisions of the enabling statute. No alternatives have been suggested that would be as efficient and effective in addressing the identified problem.

CALIFORNIA DEPARTMENT OF INSURANCE

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